THE STATE OF AGING

IN MONTANA 2002

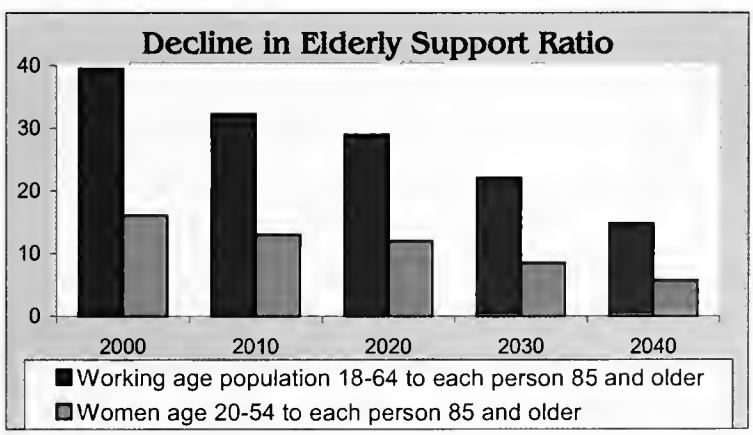
Each year, the **State of Aging in Montana Report** examines a different aspect of how aging demographics are impacting Montana and its growing senior population. The 2002 report is the fourth report in this series. Past reports have looked at how state government as well as local governments and agencies are planning for current and future aging trends.

At the current time, 13.4% of Montana's population is 65 years of age or older. Over the next two decades, Montana is projected to age at a significantly greater rate than other states in the nation. By 2025, Montana is projected to have the third highest proportion of elders in the nation (24.5% of the total population).

As a result of this trend, the 1999 Legislature required the Department of Public Health and Human Services (DPHHS) to produce a biennial report, with annual updates, on statewide and community issues relating to aging issues. In order to meet current needs and future demands, it is imperative that we gather and analyze data on significant issues and begin the planning process to address these issues.

The **2002 State of Aging Update** deals with one specific issue that has a major impact on senior citizens: **health care workforce issues**. This is an on-going issue that came to the forefront over the last year, with Governor Martz appointing a *Blue Ribbon Task Force on Health Care Workforce Shortage* and the Legislature including language in *House Bill 2* requiring the DPHHS to collect information on wages paid to direct care staff working through DPHHS programs.

The workforce issue brings several powerful demographic and health care trends into conflict: the graying of Montana; a rising demand for health care; a dwindling workforce to provide this care; and fewer people entering or remaining in the health care profession. As the baby boom generation approaches retirement, these conflicts will only intensify. How will care needs be met in the face of worker shortages?



GAO analysis of US Census Bureau Projections Middle Series, 12/99

Competition for workers within the health care arena as well as with other segments of the economy has been a trend for quite some time. A commonly heard adage about direct care work is "Why work in health care, where the work is demanding and back breaking, when you can go to a fast food restaurant, make the same money and not have to deal with all the stress." Nurses are leaving the state or the profession because of lagging wages, job stress, a lack of recognition, paperwork demands, and long and irregular hours resulting in burnout.

GOVERNOR'S TASK FORCE REPORT EXCERPTS

The opening paragraphs of the Governor's Blue Ribbon Task Force, entitled **"Competing for Quality Care,"** puts the health care workforce issue in Montana into context:

> *Health care/human services workers are in short supply throughout the country. This situation truly threatens the health and well being of us all. Moreover, this shortage is expected to worsen. Time Magazine, in a May 6, 2002, article "The Coming Job Boom," lists 16 Hot Jobs for the coming decade. Included: Registered Nurses, Health Therapists, and Social Workers. The article presents a guide to the best job opportunities now and in the foreseeable future. At the top of the list is health care. That's good news for those seeking jobs. However, since health care is only as good as the people providing it, that is bad news for our health. Lack of qualified workers equals compromised care.*
>
> *Numerous national studies, special commissions, and other state governments are addressing this issue and what to do about it. What they are discovering is a complex and disjointed array of facts and figures that, nevertheless, all confirm a growing shortfall in essential health care workers. The reasons for the shortfall are numerous, the result of a unique convergence of economic, demographic, and very human circumstances. In this environment, competition for workers is keen. Montana's health care system must be able to compete. This critical and growing shortage of qualified workers has been a major subject of concern for some time for Montana's health care/human services industry. (Page 6)*

For the foreseeable future, Montana's health care workforce needs will be shaped by the State's atypical demographics. The state's population will grow slowly in the next 25 years, but the proportion of individuals over 65 will grow more quickly and continue to exceed the national average. This segment is expected to double from 121,000 (13.4%) in 2000 to about 241,000 (21%) of state population by 2025. An increasingly aging population in a largely rural setting will pose many complex challenges to health care providers. (Page 43)

Why Is There A Shortage of Health Care and Human Service Workers?
The reasons for the shortage of health care/human services workers nationally and in Montana are many and are complex. Demand for health care services is increasing. The population nationwide (and world wide) is aging. An aging population uses more medical services. The average age of Montana's population is increasing even faster than the national average. Other circumstances also contribute to the demand for health care workers, for example, advances in medical science, new care alternatives, and increased regulatory and record keeping complexity.

At the same time demand is increasing, too few people are entering or remaining in the health care professions. The number of people in health care/human services professions is subject to much flux and, in many cases, decline. This is true in virtually every health care occupation. As with the general population, health care/human services professionals are aging, with fewer young workers entering these fields to replace retiring workers. Health care is not viewed as a desirable career choice as in previous generations. Working conditions are stressful. Pay is not always competitive with other professional choices. Montana pay is not competitive with other states. Montana' s mega-rural nature can seem professionally isolated and undesirable, and makes access to

education and training difficult. (Page 3)

"Health care workforce" implies a whole host of occupations: from Home Health Aides, who enable the elderly and the disabled to live at home, to highly specialized health care providers performing state-of-the-art treatment procedures. The health care workforce includes related human services professions that are essential to the health care system by providing care, treatment and support services to children, families and individuals with disabilities and special needs including development disabilities, child emotional disturbances, mental illness and chemical dependency. These services may be provided in community-based and in residential programs. (Page 7)

HEALTH CARE WORKFORCE FACTS

- Health care represents Montana's largest overall service sector economy Gross State Product. (Page 2)
- More than 35,000 people work in health care in Montana for a payroll of more than $1 billion. (Page 3)
- Even though Montana's health care wages lag those in other states, health care wages in Montana average 21% higher than the overall Montana wage average. (Page 2)
- Of Montana's 56 counties, 50 have been designated in whole or in part as Health Professional Shortage Areas by the federal government. (Page 2)
- While demand in virtually every occupation is projected to grow significantly, the impact of Nursing and Auxiliary (Direct Care) professions is particularly compelling. These occupations represent a majority of home health (78%) and nursing home (58%) employees and over a third of hospital employees. (Page 8)
- Almost 50% of all health care professional work in a hospital setting. (Page 12)
- Registered Nurses are responsible for the largest portion of the nation's health care, and represent the largest group of health care providers. This is true for Montana, as well: nurses represent 30% of Montana's health care workforce. The GAO has found ample evidence of a current shortage and of a greater future shortage. (Page 8)
- Most Registered Nurses are nearing retirement age. In 2000, 70% were over 40 (average age is 45.5) while only 9.1% were under 30 years old. Nationally, nursing shortages are especially acute in home care, nursing homes and hospitals - all facilities heavily dependent on nurses. (Page 8)
- Direct care professions, such as nurse assistants, home health aides, habilitation aides, personal care assistants, make up 22% of Montana's health care workforce. These occupations are a critical component of the health care system, particularly for the elderly and disabled. For every 10 hours of paid long-term care, 8 hours is provided by direct care professions (home health aides, personal care assistants and certified nurse assistants). In many ways, these professions provide the most personal relationships with patients in any residential care setting, since they assist with the most intimate care such as dressing, eating, toileting, and bathing. Yet these are difficult, low paying and high-risk jobs. (Page 9)
- The ratio of working people to retirees, currently at 9:1 will decrease to 4:1 by 2050 (p 15)
- The horrendous turnover rates in the direct care professions mean that those patients most dependent on intimate personal care (toileting, dressing, etc.) may have a strange new caregiver several times in a single year. Over half of the 12 million people receiving long-term care nationally are elderly (6.4million). (Page 13)

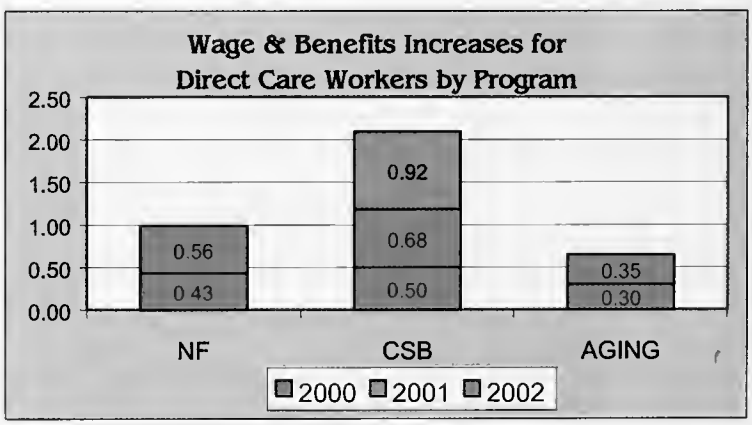
SENIOR & LONG TERM CARE DIVISION OVERVIEW

The majority of the funds that the Senior and Long Term Care Division (SLTCD) expends go to direct care services. SLTCD not only operates the Medicaid Nursing Facilities program but is also responsible for operating or contracting for the operation of the two state veterans nursing homes. SLTCD also administers the Medicaid Waiver and Personal Assistance programs, as well as pays for Medicaid home health and respite services. Finally, SLTCD coordinates the Older American Act services to the elderly.

The direct care programs that SLTCD funds face all the obstacles that were outlined in the Governor™s Blue Ribbon Task Force report. Because all the services are long term care services, as opposed to acute services, the bulk of the workforce employed in SLTCD programs are non-licensed workers. Nurses supervise most of the care being provided, so the nursing shortage still affects these programs the same as acute care. As an example, the Eastern Montana Veterans Home is experiencing the nurse shortage that is critical in much of eastern Montana. Because the facility has been unable to recruit nurses locally, it is using a firm to recruit nurses from overseas (including the Philippines) to staff the facility. They are also exploring the possibility of adding a nurse education program in the eastern part of the state as a way of increasing the local workforce.

One of the major issues facing long term care programs is the low wages for direct care workers. Recognizing that low wages were a major impediment to recruiting and retaining staff, the SLTCD successfully pursued funding from the 1999 and 2001 Legislatures targeted specifically at increasing direct care worker wages. In 1999, the average homemaker was making $6.27 in Aging Programs and $5.97 through the Medicaid Waiver Program, while personal care attendants were making $6.91 in Aging programs and $6.17 in the Personal Assistance program. Certified Nursing Assistants in nursing homes were making an average wage of $7.79

SLTCD received $4.1 million for FY 2000 and $8.4 million for FY 2001 to increase direct care wages. All SLTCD direct care programs received wage increases for this two-year period (including nursing homes, personal assistance programs, and aging programs). Providers were allowed to make management decisions about how best to distribute the wage increase to their direct care workforce. Thus, they could increase wages for all direct care employees, target a specific type of worker, increase benefits, etc.



Approximately 69% of these funds went to increasing the pay of workers in nursing homes, 27% went to the Personal Assistance program (CSB) and 4% to Aging Network programs.

The 2001 Legislature funded wage increases for the Personal Assistance program for FY2002 (about $1.5 million) and FY2003 (an additional $880 thousand). These programs were targeted because of their relatively low wage level. Because of state budget

shortfalls, SLTCD is still assessing whether and how to distribute the funds from FY 2003. The 2002 Wage Survey shows that PCAs are now at the top of the wage range.

In response to a legislative mandate, DPHHS conducted a wage survey of the health care workforce funded by DPHHS programs in 2002. Included were workers funded through the SLTCD, as well as the Addictive and Mental Disorders, Disability Services and Child and Family Services Divisions. The fact that each program uses different terminology and job titles made it difficult to compare services and employee categories across programs. This was especially true in the non-licensed worker category.

The largest difference in pay ranges occurred in Registered Nurses (RNs). Programs in the sample reported employing 514 RNs. Entry-level wages for RNs ranged from $14.81 to $17.87 per hour, with an average salary range of $16.93 to $18.10. For the 401 LPNS, in the survey, entry-level wages ranged from $10.34 to $12.99 per hour and average salaries ranged from $11.67 to $14.98. The largest employee categories consisted of 7237 non-licensed workers who had average entry-level wages ranging from $6.23 to $8.71 per hour. The average range for these employees ranges from $7.02 to $9.72.

Providers reported varying degrees of difficulty in recruiting for direct care workers. All providers reported serious recruiting difficulties for both Registered and Licensed Practical Nurses. The difficulty in recruiting non-professional workers showed more variability, but overall trend showed mild to no difficulty in recruiting these workers.

MONTANA CHOICE GRANT

In order to address workforce issues in the Personal Assistance program, the Community Services Bureau of the SLTCD applied for and received a grant from the Centers for Medicare and Medicaid Services/Department of Health and Human Services. The CHOICE grant (Consumers Having Options in Community Environments) has a broad range of goals relating to improving personal care assistance services. The grant has two specific projects that impact workforce issues.

- The first project, Seniors Helping Seniors, is a collaboration with Area II Agency on Aging (in Roundup) and Area X Agency on Aging (in Havre) to develop a program to attract, train and place older workers in the personal assistance programs. The goal of this project is to hire at least 20 older adults over the next two years. These workers could perform less physically demanding homemaker tasks such as meal preparation, medication reminders and shopping.
- The second project is to create a central point for recruitment, screening, training, continuing education and support of direct care workers within a community. ACCESS (Attendant Center for Communication, Education and Support Services), operated by Spectrum Medical in Great Falls, would work collaboratively with all providers employing direct care workers in Great Falls to address systemic issues regarding direct care workers and to reduce competition for attendants. They would provide a standardized, no-fee training to caregivers, both family members and paid workers. If successful, the model would be replicated in other communities.

Other goals of the CHOICE grant include conducting public education on the need for in-home care and the work the in-home care workers do; consumer education about services and responsibilities; developing caregiver support groups for family and paid caregivers; and a web-based program to provide training modules for people wishing to perfect attendant management skills.

AGING NETWORK OVERVIEW

The Aging Network offer five different programs that employ direct care workers:

Homemaker Services (HM): Providing assistance with preparing meals, shopping, or light housekeeping.

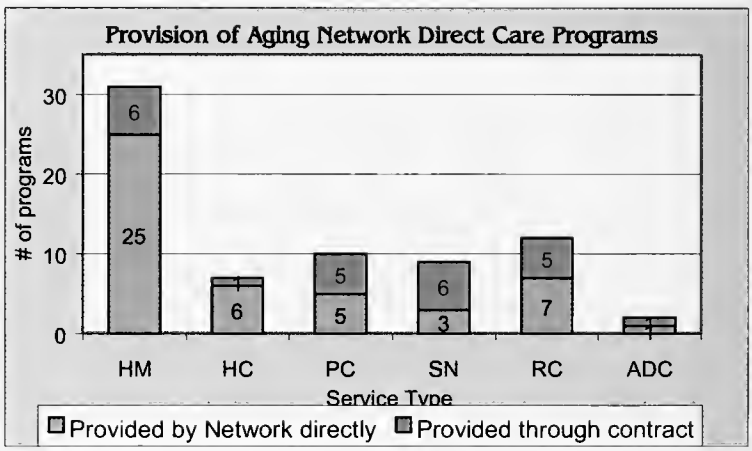
Home Chore Services (HC): Providing assistance with heavy housework, yard work or sidewalk maintenance.

Personal Care Services (PC): Providing assistance with activities of daily living, such as eating, dressing, bathing, or toileting.

Skilled Nursing (SN): Nursing services provided under doctors orders in the area of wound care, giving injections, administering medications, etc.

Respite Care (RC): Providing temporary relief for caregiving responsibilities in the caregiver's home.

Adult Day Care (ADC): Providing respite and supportive services in a congregate setting for some portion of the day.



These services are provided either directly by the Aging Network (Area Agencies on Aging, County Councils on Aging or Senior Centers) or through contracts with other providers, such as county health departments, home health agencies, hospitals and nursing homes.

Funding levels and workforce issues are the main factors that shape the development of Aging Network direct care programs. The hallmarks of these programs are their flexibility in program design and operation, creativity in finding and using funding sources, great variability between programs, and development of services in response to local needs and gaps in services.

FACTORS AFFECTING AGING NETWORK DIRECT CARE PROGRAMS

One unique factor that distinguishes Aging Network direct care programs is its payment structure. Most Network direct care programs use the Older Americans Act (OAA) system of voluntary contributions to pay for services. Under this system, clients are not means tested, but asked to pay for services according to what they can afford. This results in uncertainty in the specific level of operating funds programs have, which can limit the scope and extent of the service offered. Thus, few programs are self-sustaining. They must rely on other funding sources (like OAA funds or county dollars) in addition to voluntary contributions to operate their programs. Many programs must also place a limit on the number of hours of service offered and have waiting lists.

Aging Network programs tend to serve clients who are not served by other programs, like Medicaid. However, programs that are involved in serving Medicaid clients (like Havre or Roundup) find that the steady funding they receive through Medicaid allows them to serve more clients of limited means who are not covered by insurance or government programs.

The Aging Network also tends to develop services where there is an unmet need. A good example of this is how skilled nursing programs were developed. Skilled nursing is a more expensive and intensive service provided exclusively by nurses. This service is vital in

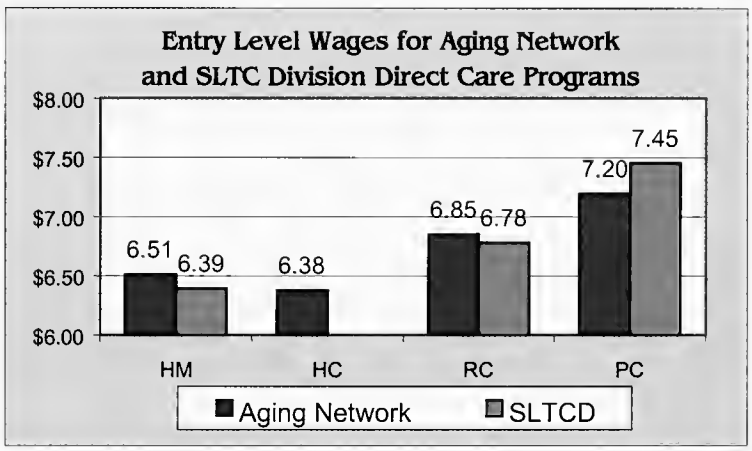
keeping clients living at home. Half of the eight programs are in eastern Montana. Most are contracted through county health departments because of the cost of hiring nurses and the lack of sufficient funds to pay for a full time nurse. Many other areas of the state are unable to offer skilled nursing because of the relatively high cost of the service, difficulty in finding and hiring nurses, and liability issues.

Over the last five years, there has been a trend to consolidate home chore programs with homemaker programs. This allows flexibility in administering programs and dealing with workforce issues. However, in many areas insufficient demand or irregular demand for services make it difficult to hire and retain staff necessary to operate these programs. Lake and Judith Basin Counties had to discontinue their homemaker and/or home chore programs for these reasons.

There has been a steady increase in the number of respite programs. Most respite services are short term and provided during daytime hours when it is easier to staff the service. Most are offered in the caregiver homes, but some programs in eastern Montana are offered through nursing homes. In some cases, respite services are provided through homemaker programs (Roundup and Deer Lodge). Overnight services are not usually offered because of cost and difficulty in recruiting staff.

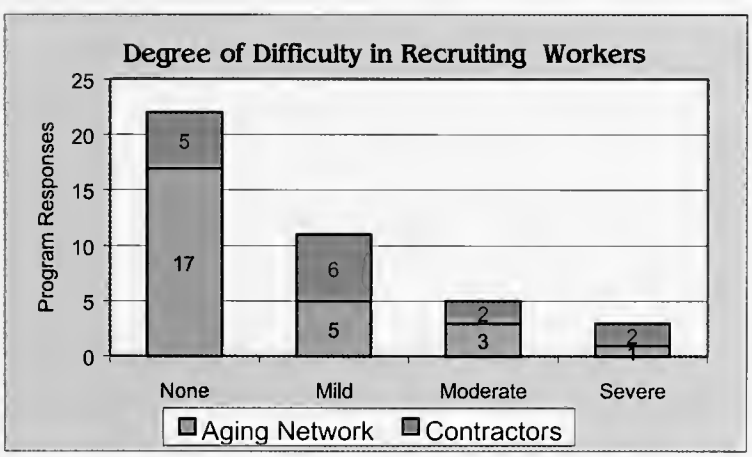
TRENDS IN DIRECT CARE WORKERS

The Aging Network direct care programs are the smallest of the SLTCD's direct care programs. They represent less than 5% of the workforce funded through SLTCD.



Entry level wages in the Aging Network are comparable to other SLTCD funded programs. Contractors tend to pay slightly higher wages than Network programs.

Few direct care workers employed by the Aging Network are full time workers. They tend to work 20-30 hours per week. The workforce tends to be older, with the average age of workers between 40-60 years of age



Very few of the direct care workers receive benefits with their jobs (e.g., sick leave vacation, health insurance, etc.). The main exception is workers who are county employees or work for contractors.

Most Network programs report no problems in recruiting non-licensed employees. Those employing nurses report some level of difficulty recruiting new staff. Contractors were more likely to report mild difficulties in filling positions than Aging Network programs. Turnover rates for all types of employees tend to be low.

PROPOSALS OF THE GOVERNOR'S TASK FORCE

ISSUE 1: MONTANA'S HEALTH CARE CLIMATE

• **Proposal 1:** Lawmakers should establish in Montana statutes a statement of policy/philosophy for health care in Montana.

• **Proposal 2:** All Montanans can reduce the demand for health care services by promoting healthy behaviors and accident/illness prevention.

• **Proposal 3:** The Governor should direct the Departments of Health & Human Services and Labor & Industry, in consultation with the Higher Education and professional associations, to educate the general public, potential workforce candidates and policy makers about the need for healthcare workers, about the diverse opportunities available in the health care field, and about the value and importance of health care workers to the Montana economy and citizens.

ISSUE 2: EDUCATIONAL OPPORTUNITIES

• **Proposal 4:** The education community should introduce health care occupations and integrate the skills necessary to attain them in K - 12 curricula.

• **Proposal 5:** The Commissioner of Higher Education should establish an integrated, "single point of contact" Distance Learning and Continuing Education Program for health professionals.

• **Proposal 6:** Policy makers should sustain health professions training programs through adequate funding.

• **Proposal 7:** The Governor, through the Office of Economic Opportunity and in accordance with SB469, should ensure that Montana's existing state and federally funded career development and employment training programs place a high priority on training, preparing and supporting workers for potential careers in health care and human services.

ISSUE 3: THE HEALTH CARE WORK ENVIRONMENT

• **Proposal 8:** The Task Force encourages Montana health care employers to improve the workplace partnership by creating a culture in which health care staff (including clinical, support, and managerial staff) are valued, have a sustained voice in shaping institutional policies, and receive appropriate rewards and recognition for their efforts.

• **Proposal 9:** The Governor should direct the Departments of Public Health & Human Services and Labor & Industry, in collaboration with professional associations and the health care community, to identify and take action to reduce those regulations which are excessive, overly complex, and duplicative.

• **Proposal 10:** The Governor should form a study group to review existing state statutes related to health care and human service liability insurance, to review liability insurance rates in other states, and to compare Montana's laws with those other states that have lower liability insurance rates.

ISSUE 4: REIMBURSEMENT & COMPENSATION

• **Proposal 11:** Policy makers should ensure that public health and health-related human services funding sources pay the ***full*** cost of providing services, including the cost of staffing and training and of adequate wages and benefits paid to the workers providing the care.

• **Proposal 12:** The Governor should ensure that Montana pursues, and when possible takes advantage of, all public and private sources of additional funding or resources to help attract, train and retain health care and human services workers.

ISSUE 5: HEALTH CARE WORKFORCE DATA COLLECTION AND ANALYSIS

• **Proposal 13:** To enable government, employers, trainers and educators to plan for workforce supply and demand, the Governor should direct the Department of Labor and Industry to work with its federal counterparts to provide reliable, timely, consistent information that is regularly evaluated and updated.

• **Proposal 14:** The Governor should direct the Department of Labor and Industry to take the lead as a high priority to improve the condition of data resources across the professions in view of the interest in workforce and economic development issues.

• **Proposal 15:** The Office of the Commissioner of Higher Education (OCHE), in collaboration with health care program providers, should assess and report on the program capacity of Montana's higher education system to meet health care workforce needs.

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